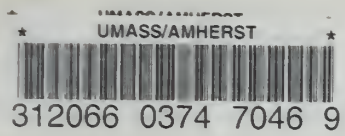


LONG TERM CARE GUIDELINES

for

LEVEL II AND III BEDS

Commonwealth of Massachusetts
Department of Public Health
August 1988

I. DESCRIPTION: LOCAL ACCESS AND NEED DETERMINATION

These guidelines combine traditional planning methods to determine the appropriate availability of skilled nursing beds in 1995 with factors that examine availability, accessibility, and system-continuity-of-care. This results in a set of numbers that details how many beds are desired and, in the case of the special condition beds, also indicates the purpose for those beds and a delineation of who they should serve.

In addition to the bed projections contained in the LAND system, there are several features of the guidelines which the applicant should consider. These are listed below.

Special Conditions:

Areas designated as having special conditions will be awarded beds according to the following schedule: 1-2 yes: 41 Level II beds, 3-4 yes: 82 Level II beds.

In addition, the applicant will be expected to submit detailed marketing plans concerning the special condition.

Level III Beds:

Level III beds will be awarded according to the following formula:

One (1) Forty-one bed (41) Level III unit for every two (2) Forty-one 41 bed Level II units built in free-standing construction if applicant applies for the beds.

Level III units can only be granted in conjunction with new Level II free-standing construction except if the bed replacement guideline applies.

Bed Replacement:

One-on One replacement of Level II and III beds only will be allowed in the long term care area of the facility regardless of bed projections for the area and only with guarantees that patients residing in the original facility will have beds in the new facility. Replacement of Level IV beds to another level of care may be considered if the beds were licensed in 1987.

Out-of-State Patients:

Out-of-State Patients are subtracted from the base supply count based on the 1986 patient origin study. This number can be adjusted if applicants can provide documentation of more patients occupying beds than otherwise indicated in the guidelines.

Planning Areas:

Bed projections are determined according to the 26 HSA planning areas as indicated on the attached maps.

Medicaid Certification:

The standard Medicaid Condition will be placed on all projects. This condition mandates that admissions in the first year of the facility constitute at least 60% of admissions and that the facility maintain a Medicaid occupancy equal to the facility's area average thereafter

Medicare Certification:

A condition mandating Medicare certification will be attached to all projects for Level II beds. This condition will require that at least one Level II unit in the facility be certified for Medicare participation.

II. DEFINITIONS AND METHODOLOGY

The following definitions and formulas constitute the methodology that is used to derive the projection of Level II beds in each area and to designate special conditions. This information refers to the categories listed in the spreadsheet following this section entitled Local Access and Need Determination.

AVAILABILITY

A. **Utilization rates:** 1986 are determined by the 1986 patient origin survey and calculated in the following manner:

1. The sub-area of origin was tabulated and categorized according to current level of care and age (0-64, 65-74, 75-84 and 85+)
2. The number reported for each sub-area was multiplied by 10.75. This figure was determined by taking into account two factors: (a) the survey was a 10% sample and (b) 93% of nursing homes responded. Therefore, 9.3% of the total nursing home population was actually sampled. Utilization rates are based on the whole nursing home population. Multiplying 9.3% by 10.75 gives 100%. This figure represents the total nursing home residents from each sub-area based on the survey.
3. This figure was divided by the 1985 MISER estimated population, by age-group, for each of the sub-areas and then multiplied by 1000 to give the rate per thousand.
   Note: HSA subareas 5-1, 5-3, 5-4, 6-1, 6-2, 6-4, and 6-5, areas with small numbers of beds, were asked to use a 20% sample in order to reduce the margin of error and increase the stability of the data. The data was later weighted in analysis to control for the higher sampling proportions in these areas.

B. **Population** 1995 is the MISER estimated 1995 population.

C. **Utilization:** 1995 represents the estimate of the number of beds projected to be utilized. This figure is calculated according to the following formula:

Utilization: 1995 = the Sum of Sub-area Rate (age)*Sub-area Population (age) / 1000.

II Supply: 1987-Unadjusted is the number of licensed beds as reported by the most recent Report 44.

Beds-Special Population are designated special population beds by the Public Health Council to be based on policy to be developed.

Beds-Decertified or Admission Freeze are beds in an area listed as being de-certified or subject to admission freezes as determined by the Department of Public Health.

Type A CCRC are exempted from the count of supply according to current policy.

Out-of-State-Patients are determined by the 1986 patient origin survey. The number of patients in each area are multiplied by 10.75 to determine the number.

II Supply: 1987-Adjusted is calculated in the following manner:

II Supply: 1987-Adjusted = II Supply: 1987-Unadjusted minus Special Population beds minus De-certified/Admission Freeze beds minus Out-of-State Patients minus Type A CCRC.

D. Net Utilization:95-Adjusted is the total number of new beds projected to be utilized in 1995 for an area adjusted by 10% and subtracting the 1987 adjusted supply. It is determined by the following calculation:

Net Utilization:95-Adjusted =
(Utilization:1995-Unadjusted*10%) minus
Utilization:1995-Unadjusted plus
Utilization:1995-Unadjusted minus II
Supply:1987-Adjusted.

If Net Utilization:95-Adjusted is less than or equal to zero then indicate zero other wise indicate Net Utilization:95-Adjusted.

II and III BANYL is according to the most recent figures 36 of the Department of Public Health.

ACCESSIBILITY

A. Gross In-Migration is the percentage of all patients served in an area who are not from that area as determined by the 1986 patient origin survey excluding Out-of-State patients.

B. Medicaid Stayers is the percentage of all publicly assisted patients who are receiving care in a facility from their area of origin as determined by the 1986 patient origin study.

CONTINUITY

A. ANDs is the percentage of Administratively Necessary Days in the hospitals of an area as a percentage of all available Level II patient days in that area as provided by the Department of Public Welfare, Medicaid division.

B. ADLs is the percentage of publicly assisted Level II patients dependent in 4-6 ADLs as determined by the 1986 IPR survey of the Department of Public Health.

NUMBER OF LEVEL II BEDS PROJECTED

is equal to Net Utilization 95: Adjusted minus Level II BANYL

A. Conditions

Conditions designate areas with particular problems as discussed in this report. Applications from areas that are so designated are expected to address these problems in their applications. Areas that display special conditions only but no Level II beds will be able to apply for these beds in those areas using the 41 bed unit size.

In Migration If gross in-migration is greater than or equal to statewide in-migration plus one standard deviation above the mean than indicate yes , otherwise leave blank.

If In-Migration >= AVG + SD, Yes, blank.

Medicaid If the percentage of Medicaid stayers in an area is less than or equal to the statewide average minus one standard deviation than indicate yes, otherwise leave blank.

If Medicaid <= AVG - SD, Yes, blank.

ADLs If the percentage of patients with 4-6 ADLs is greater than or equal to the statewide average plus one standard deviation then indicate yes, otherwise leave blank.

If ADLs >= AVG + SD, Yes, blank.

ANDs

If ANDs >= AVG + one-half SD, Yes, blank.

Local Access and Need Determination:
January 1, 1988

	State	1-1	1-2	1-3	2-1	2-2
I.AVAILABILITY						
A.Utilization Rates:1986						
0-64	0.2	0.34	0.2	0.46	0.27	0.32
65-74	4.82	4.1	2.56	2.68	4.29	6.44
75-84	25.29	15.69	18.41	27.01	22.47	34.56
85+	109.35	137	64.87	102.87	107.93	146.05
B.Population:1995						
85+	110,191	3235	3223	9523	3329	5601
75-84	276,845	8611	8346	24905	9075	13816
65-74	459,399	13038	12324	40753	14797	20029
0-64	5,147,667	111752	174130	399784	197384	203076
C.Utilization:1995	21,951	670	429	1,945	680	1,489
II Supply:7-28-1988-Unadjuste	22615	758	652	2019	685	1395
-Beds-Special Population						
Beds De-cert/Freeze:12-03-87	440	0	0	0	0	40
-Type A CCRC						
-Out of State Patients	1170	21	97	86	32	107
=II Supply:1988-Adjusted	21005	737	555	1933	653	1248
D.Net Utilization:95-Adjusted	4314	0	0	207	95	390
Level II Banyl:July 28, 1988	4328	0	82	591	199	0
Level III Banyl:July 28, 1988	1855	60	0	361	75	3
II.ACCESSIBILITY						
A.Gross In-Migration	26.62	4.55	28	6.77	25	18.64
B.Medicaid Stayers	56.8	93.75	66.67	88.1	80	74.07
III.CONTINUITY						
A.ANDs/Available Days	51.22	33.52	73.2	33.77	22.15	69.38
B.ADLs						
0	12.29	16.09	15.1	12.37	13.35	13.64
1-3	27.23	25.47	31.51	29.92	29.32	37.07
4-6	44.35	58.45	53.39	57.71	57.33	49.29
IV.NUMBER OF I/II BEDS NEEDED	1973	0	0	0	0	390

A.Conditions
In-Migration
Medicaid
ADLs
ANDs

Local Access and Need Determination:
January 1, 1988

	State	2-3	3-1	3-2	3-3
I.AVAILABILITY					
A.Utilization Rates:1986					
0-64	0.2	0.11	0.3	0.08	0.19
65-74	4.82	5.68	4.94	4.37	7.99
75-84	25.29	28.68	15.24	32.38	24.82
85+	109.35	124.96	52.43	185.45	134.67
B.Population:1995					
85+	110,191	3701	3362	2882	2691
75-84	276,845	10041	7423	7529	5989
65-74	459,399	16732	14214	12574	8815
0-64	5,147,667	207690	203966	131927	99529
C.Utilization:1995	21,951	868	421	844	600
II Supply:7-28-1988-Unadjuste	22615	817	796	736	604
-Beds-Special Population					
Beds De-cert/Freeze:12-03-87	440	58	0	0	0
-Type A CCRC					
-Out of State Patients	1170	11	11	64	21
=II Supply:1988-Adjusted	21005	748	785	672	583
D.Net Utilization:95-Adjusted	4314	207	0	256	77
Level II Banyl:July 28, 1988	4328	123	0	45	0
Level III Banyl:July 28, 1988	1855	41	0	83	0
II.ACCESSIBILITY					
A.Gross In-Migration	26.62	27.27	42.11	19.12	22.64
B.Medicaid Stayers	56.8	78.43	87.5	83.33	88.37
III.CONTINUITY					
A.ANDs/Available Days	51.22	7.7	5.85	12.83	63.87
B.ADLs					
0	12.29	14.85	15.24	19.87	20.41
1-3	27.23	35.53	34.24	38.25	39.79
4-6	44.35	49.62	50.52	41.88	39.79
IV.NUMBER OF I/II BEDS NEEDED	1973	84	0	211	77

A.Conditions
In-Migration
Medicaid
ADLs
ANDs

Local Access and Need Determination:
January 1, 1988

	State	4-1	4-2	4-3	4-4	4-5
I.AVAILABILITY						
A.Utilization Rates:1986						
0-64	0.2	0.23	0.3	0.12	0.12	0.2
65-74	4.82	8.51	5	1.24	0.69	4.82
75-84	25.29	28.8	28.3	26.25	19.19	37.05
85+	109.35	123.74	109.16	107.21	63.06	106.48
B.Population:1995						
85+	110,191	8151	6947	9067	3402	6835
75-84	276,845	22615	16302	20173	7572	16014
65-74	459,399	44675	29491	35040	13660	27586
0-64	5,147,667	642542	374587	418448	161385	261883
C.Utilization:1995	21,951	2,188	1,480	1,595	389	1,506
II Supply:7-28-1988-Unadjuste	22615	2741	1105	1986	793	1276
-Beds-Special Population						
Beds De-cert/Freeze:12-03-87	440	128	0	0	0	0
-Type A CCRC						
-Out of State Patients	1170	269	86	64	11	21
=II Supply:1988-Adjusted	21005	2344	1019	1922	782	1255
D.Net Utilization:95-Adjusted	4314	63	608	0	0	402
Level II Banyl:July 28, 1988	4328	448	120	101	283	326
Level III Banyl:July 28, 1988	1855	(45)	82	0	41	245
II.ACCESSIBILITY						
A.Gross In-Migration	26.62	35.59	36.36	35.61	60.78	34.26
B.Medicaid Stayers	56.8	55.35	61.36	67.86	42.86	52.87
III.CONTINUITY						
A.ANDs/Available Days	51.22	17.76	25.92	14.73	32.58	10.45
B.ADLs						
0	12.29	18.72	11.71	13.63	12.37	17.08
1-3	27.23	37.93	28.83	33.58	30.77	32.59
4-6	44.35	43.35	59.46	52.79	56.86	50.33
IV.NUMBER OF I/II BEDS NEEDED	1973	0	488	0	0	76
A.Conditions						
In-Migration					yes	
Medicaid					yes	
ADLs			yes			
ANDs						

Local Access and Need Determination:
January 1, 1988

	State	5-1	5-2	5-3	5-4
I.AVAILABILITY					
A.Utilization Rates:1986					
0-64	0.2	0.07	0.17	0.07	0.17
65-74	4.82	2.85	3.59	7.22	4.1
75-84	25.29	23.37	21	25.4	13.95
85+	109.35	93.43	135.1	90.53	90.49
B.Population:1995					
85+	110,191	1631	4315	2148	1899
75-84	276,845	3471	9546	6098	5010
65-74	459,399	5832	15487	10498	8327
0-64	5,147,667	82904	216217	159758	102083
C.Utilization:1995	21,951	256	876	436	293
II Supply:7-28-1988-Unadjuste	22615	241	840	534	364
-Beds-Special Population					
Beds De-cert/Freeze:12-03-87	440	0	60	0	0
-Type A CCRC					
-Out of State Patients	1170	11	11	11	11
=II Supply:1988-Adjusted	21005	230	769	523	353
D.Net Utilization:95-Adjusted	4314	52	194	0	0
Level II Banyl:July 28, 1988	4328	0	0	41	41
Level III Banyl:July 28, 1988	1855	0	0	82	13
II.ACCESSIBILITY					
A.Gross In-Migration	26.62	40.91	48.81	46.88	28.57
B.Medicaid Stayers	56.8	75	81.82	40.74	61.11
III.CONTINUITY					
A.ANDs/Available Days	51.22	23.38	54.34	40.77	30.43
B.ADLs					
0	12.29	18.18	14.64	17.07	14.08
1-3	27.23	35.71	30.59	31.44	29.58
4-6	44.35	46.1	54.77	51.5	56.34
IV.NUMBER OF I/II BEDS NEEDED	1973	52	194	0	0
A.Conditions					
In-Migration			yes		
Medicaid				yes	
ADLs					
ANDs					

Local Access and Need Determination:
January 1, 1988

	State	5-5	5-6	5-7	6-1
I.AVAILABILITY					
A.Utilization Rates:1986					
0-64	0.2	0.25	0.23	0.31	0.24
65-74	4.82	7.11	6.52	1.82	3.71
75-84	25.29	27.28	29.63	12.59	21.75
85+	109.35	148.91	101.34	82.36	60.81
B.Population:1995					
85+	110,191	2905	3921	8873	2179
75-84	276,845	8984	10347	23160	5135
65-74	459,399	14062	15995	30855	8686
0-64	5,147,667	129302	148792	199437	89862
C.Utilization:1995	21,951	810	842	1,140	298
II Supply:7-28-1988-Unadjuste	22615	569	582	1046	472
-Beds-Special Population					
Beds De-cert/Freeze:12-03-87	440	0	36	118	0
-Type A CCRC					
-Out of State Patients	1170	32	11	21	54
=II Supply:1988-Adjusted	21005	537	535	907	418
D.Net Utilization:95-Adjusted	4314	354	392	347	0
Level II Banyl:July 28, 1988	4328	195	354	791	0
Level III Banyl:July 28, 1988	1855	(17)	172	368	0
II.ACCESSIBILITY					
A.Gross In-Migration	26.62	6.67	2.08	18.75	30
B.Medicaid Stayers	56.8	82.35	97.06	74.29	85
III.CONTINUITY					
A.ANDs/Available Days	51.22	31.3	77.29	6.84	150.92
B.ADLs					
0	12.29	12.65	17.41	10.71	13.11
1-3	27.23	37.47	31.84	30.06	32.24
4-6	44.35	49.88	50.75	59.23	54.64
IV.NUMBER OF I/II BEDS NEEDED	1973	159	38	0	0
A.Conditions					
In-Migration					
Medicaid					
ADLs				yes	
ANDs					yes

Local Access and Need Determination:
January 1, 1988

	State	6-2	6-3	6-4	6-5
I.AVAILABILITY					
A.Utilization Rates:1986					
0-64	0.2	0.05	0.33	0.1	0.05
65-74	4.82	3.63	2.27	3.33	3.53
75-84	25.29	15.59	33.85	16.06	22.61
85+	109.35	95.26	124.73	82.81	108.95
B.Population:1995					
85+	110,191	2565	2805	2156	2845
75-84	276,845	6384	7347	4929	8023
65-74	459,399	10552	11964	8740	14673
0-64	5,147,667	111263	109317	92589	118060
C.Utilization:1995	21,951	388	662	296	549
II Supply:7-28-1988-Unadjuste	22615	545	430	364	265
-Beds-Special Population					
Beds De-cert/Freeze:12-03-87	440	0	0	0	0
-Type A CCRC					
-Out of State Patients	1170	64	21	11	11
=II Supply:1988-Adjusted	21005	481	409	353	254
D.Net Utilization:95-Adjusted	4314	0	319	0	350
Level II Banyl:July 28, 1988	4328	82	203	40	263
Level III Banyl:July 28, 1988	1855	60	50	20	161
II.ACCESSIBILITY					
A.Gross In-Migration	26.62	61.29	40	54.55	50
B.Medicaid Stayers	56.8	27.78	57.89	30.77	26.32
III.CONTINUITY					
A.ANDs/Available Days	51.22	93.13	40.77	106.39	508.6
B.ADLs					
0	12.29	16.08	14.79	10.56	7.34
1-3	27.23	32.55	34.86	25.35	27.68
4-6	44.35	51.37	50.35	64.08	64.97
IV.NUMBER OF I/II BEDS NEEDED	1973	0	116	0	87
A.Conditions					
In-Migration		yes		yes	yes
Medicaid		yes		yes	yes
ADLs				yes	yes
ANDs					yes

Long Term Care
Planning Areas
January 26, 1988

Area 1-1	Area 1-2	Area 1-3
Adams	Amherst	Agawam
Alford	Ashfield	Belchertown
Becket	Athol	Blandford
Cheshire	Bernardston	Chester
Clarksburg	Buckland	Chicopee
Dalton	Charlemont	East Longmeadow
Egremont	Chesterfield	Granby
Florida	Colrain	Granville
Great Barrington	Conway	Hampden
Hancock	Cummington	Holyoke
Hinsdale	Deerfield	Huntington
Lanesboro	Easthampton	Longmeadow
Lee	Erving	Ludlow
Lenox	Gill	Monson
Middlefield	Goshen	Montgomery
Monroe	Greenfield	Palmer
Monterey	Hadley	Russell
Mt. Washington	Hatfield	South Hadley
New Ashford	Hawley	Southwick
New Marlboro	Heath	Springfield
North Adams	Leverett	Tolland
Otis	Leyden	Ware
Peru	Montague	Warren
Pittsfield	New Salem	West Springfield
Richmond	Northampton	Westfield
Sandisfield	Northfield	Wilbraham
Savoy	Orange	
Sheffield	Pelham	
Stockbridge	Petersham	
Tyringham	Phillipston	
Washington	Plainfield	
West Stockbridge	Rowe	
Williamstown	Royalston	
Windsor	Shelburne	
	Shutesbury	
	Southampton	
	Sunderland	
	Warwick	
	Wendell	
	Westhampton	
	Whatley	
	Williamsburg	
	Worthington	

Area 2-1	Area 2-2	Area 2-3
Ashburnham	Auburn	Brimfield
Barre	Berlin	Brookfield
Gardner	Boylston	Charlton
Hardwick	Holden	Dudley
Hubbardston	Leicester	East Brookfield
New Braintree	Paxton	Holland
Oakham	Shrewsbury	North Brookfield
Princeton	West Boylston	Oxford
Rutland	Worcester	Southbridge
Templeton		Spencer
Westminster		Sturbridge
Winchendon		Wales
Ashby		Webster
Ayer		West Brookfield
Bolton		Bellingham
Clinton		Blackstone
Fitchburg		Douglas
Groton		Franklin
Harvard		Grafton
Lancaster		Hopedale
Leominster		Medway
Lunenburg		Mendon
Pepperell		Milford
Shirley		Millbury
Sterling		Millville
Townsend		Northbridge
		Sutton
		Upton
		Uxbridge

Area 3-1	Area 3-2	Area 3-3
Billerica	Andover	Amesbury
Chelmsford	Lawrence	Boxford
Dracut	Methuen	Georgetown
Dunstable	North Andover	Groveland
Lowell		Haverhill
Tewksbury		Merrimac
Tyngsborough		Newbury
Westford		Newburyport
		Rowley
		Salisbury
		West Newbury

Area 4-1

Boston
Chelsea
Revere
Winthrop
Brookline

Area 4-2

Acton
Bedford
Boxborough
Carlisle
Concord
Lincoln
Littleton
Maynard
Stow
Arlington
Burlington
Lexington
Wilmington
Winchester
Woburn
Cambridge
Somerville

Area 4-3

Ashland
Dover
Framingham
Holliston
Hopkinton
Hudson
Marlboro
Millis
Natick
Northboro
Sherborn
Southboro
Sudbury
Wayland
Westboro
Belmont
Waltham
Watertown
Newton
Wellesley
Weston

Area 4-4

Canton
Dedham
Foxboro
Medfield
Needham
Norfolk
Norwood
Sharon
Walpole
Westwood
Wrentham

Area 4-5

Braintree
Cohasset
Hingham
Holbrook
Hull
Milton
Norwell
Quincy
Randolph
Scituate
Weymouth

Area 5-1

Attleboro
Mansfield
N. Attleboro
Norton
Plainville

Area 5-2

Abington
Avon
Bridgewater
Brockton
E. Bridgewater
Easton
Stoughton
W. Bridgewater
Whitman

Area 5-3

Carver
Duxbury
Halifax
Hanover
Hanson
Kingston
Marshfield
Pembroke
Plymouth
Plympton
Rockland

Area 5-4

Berkley
Dighton
Lakeville
Middleboro
Raynham
Rehoboth
Seekonk
Taunton

Area 5-5

Fall River
Freetown
Somerset
Swansea
Westport

Area 5-6

Acushnet
Dartmouth
Fairhaven
Gosnold
Marion
Mattapoisett
New Bedford
Rochester

Area 5-7

Barnstable
Bourne
Brewster
Chatham
Dennis
Eastham
Falmouth
Harwich
Mashpee
Orleans
Provincetown
Sandwich
Truro
Wareham
Wellfleet
Yarmouth
Chilmark
Edgartown
Gay Head
Oak Bluffs
Tisbury
W. Tisbury
Nantucket

Area 6-1

Beverly
Essex
Gloucester
Hamilton
Ipswich
Manchester
Rockport
Topsfield
Wenham

Area 6-2

Danvers
Marblehead
Middleton
Peabody
Salem

Area 6-3

Lynn
Lynnfield
Nahant
Saugus
Swampscott

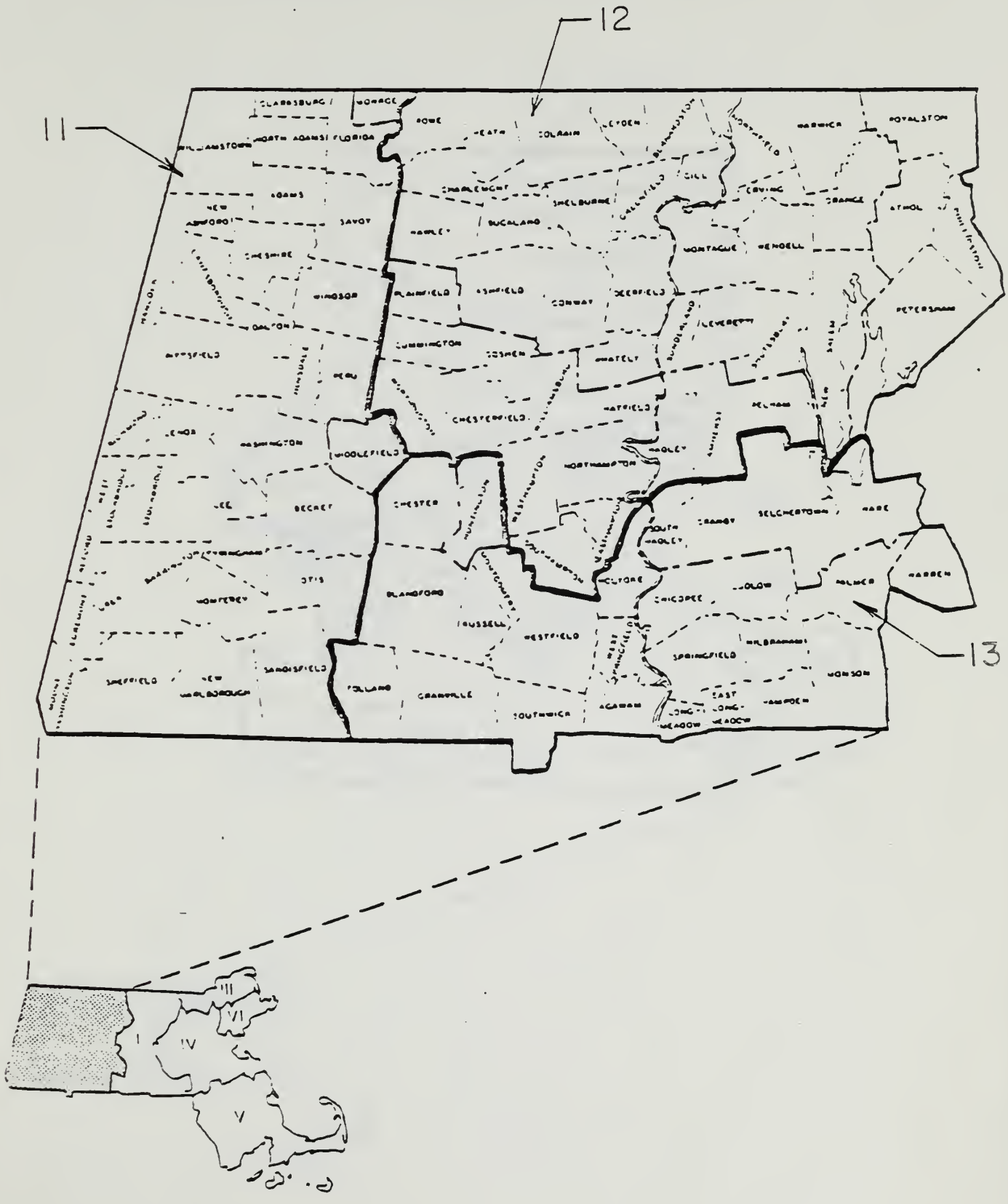
Area 6-4

Melrose
Reading
North Reading
Stoneham
Wakefield

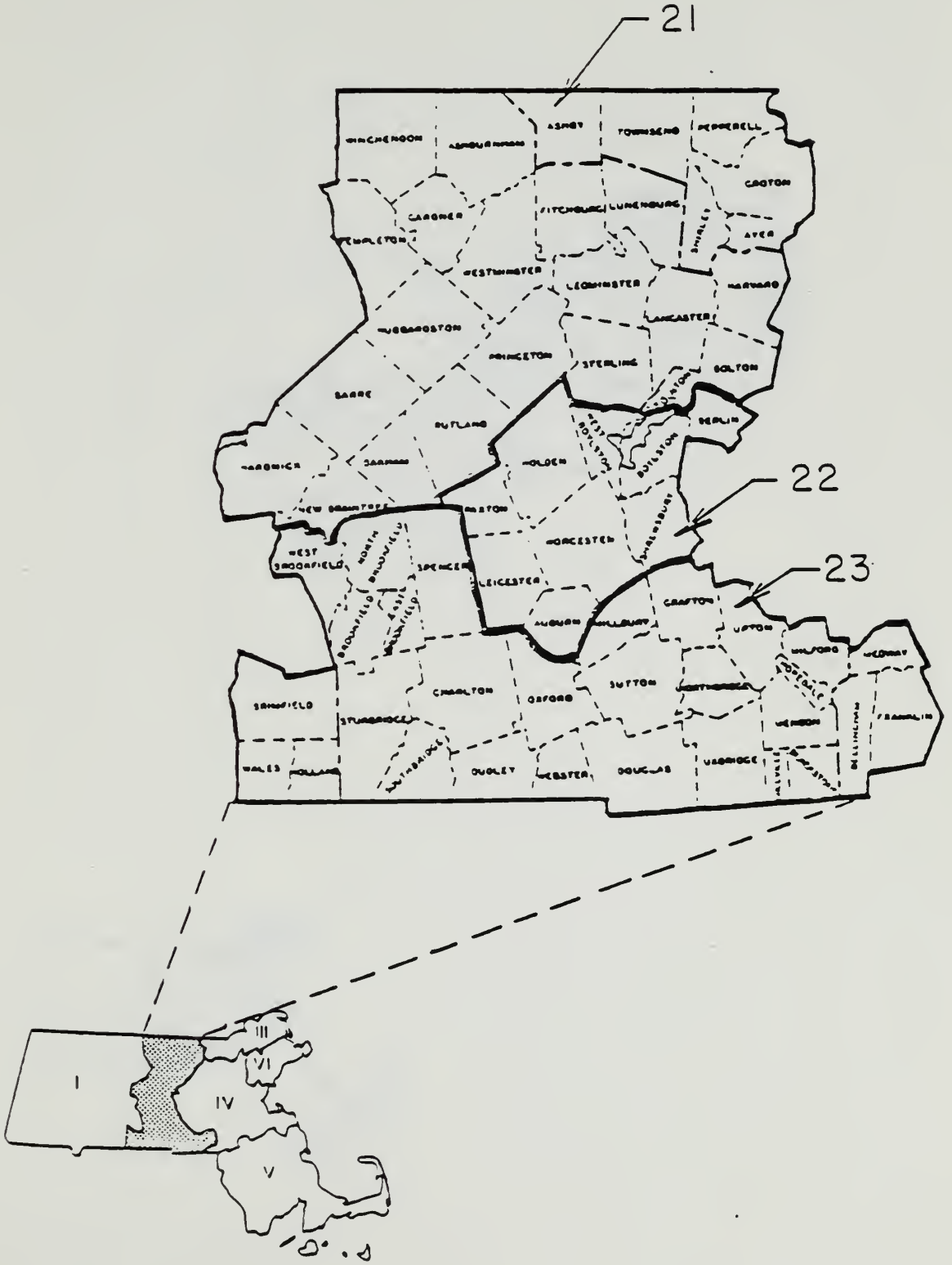
Area 6-5

Everett
Malden
Medford

HEALTH SERVICE AREA I



HEALTH SERVICE AREA II



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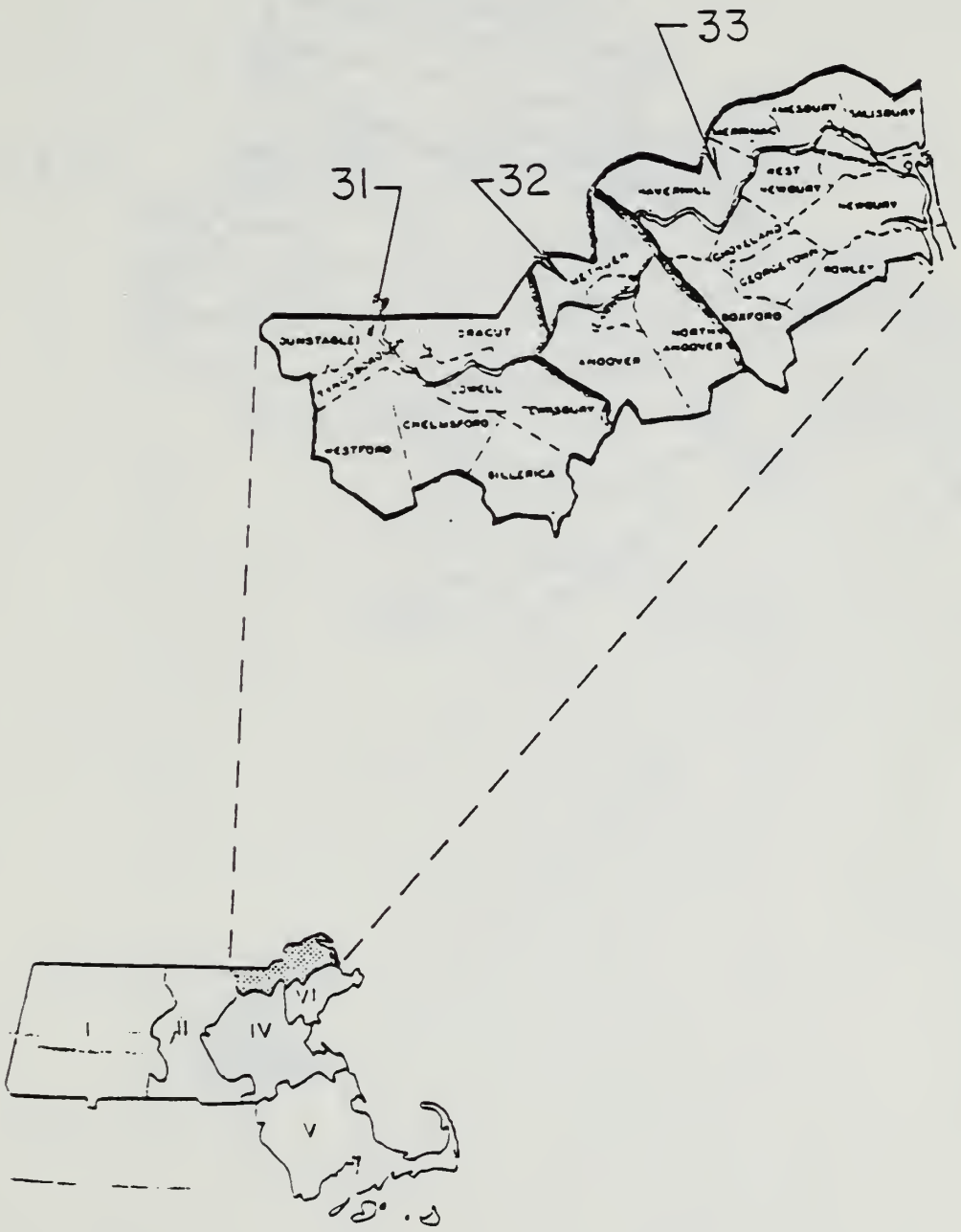

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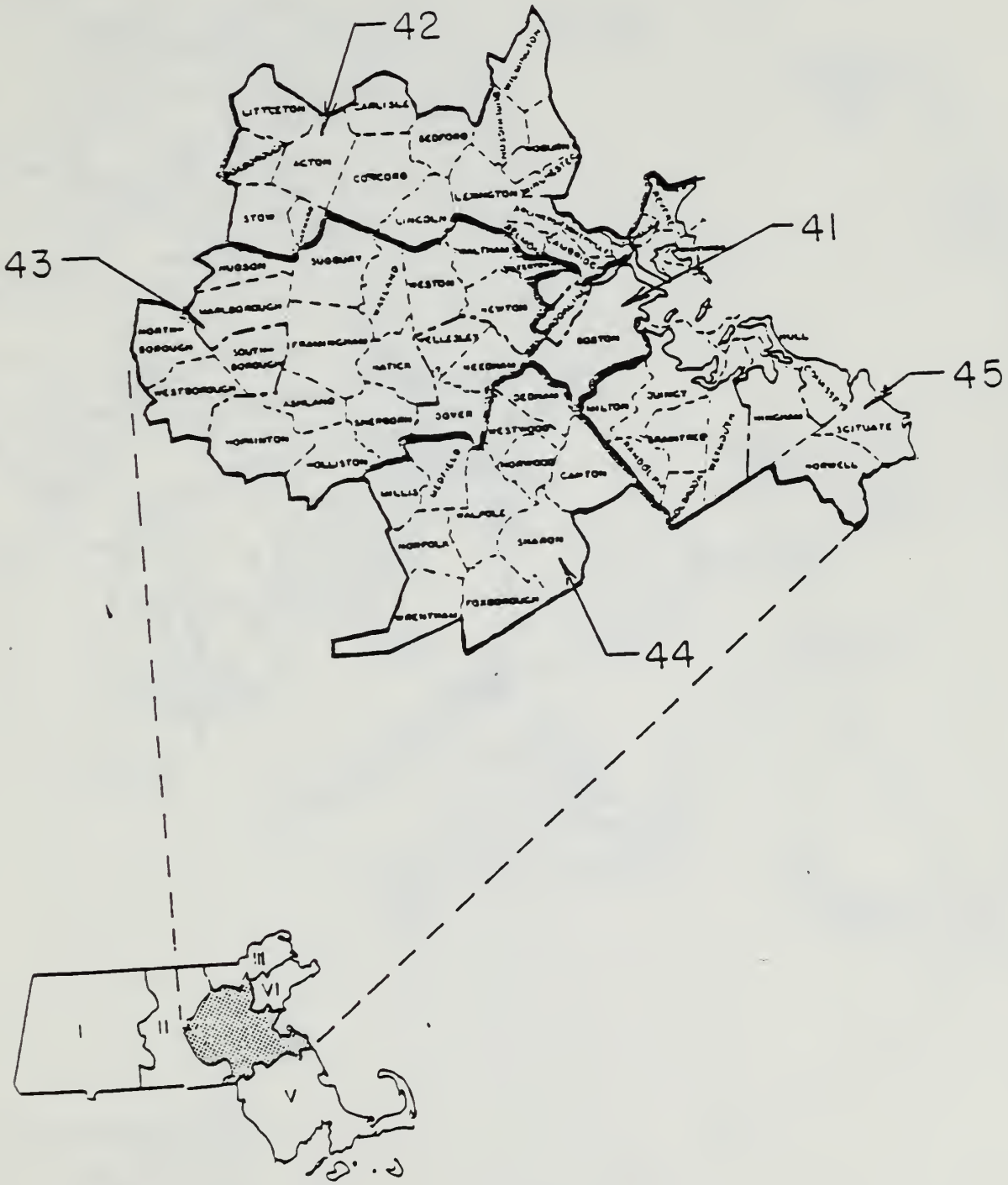
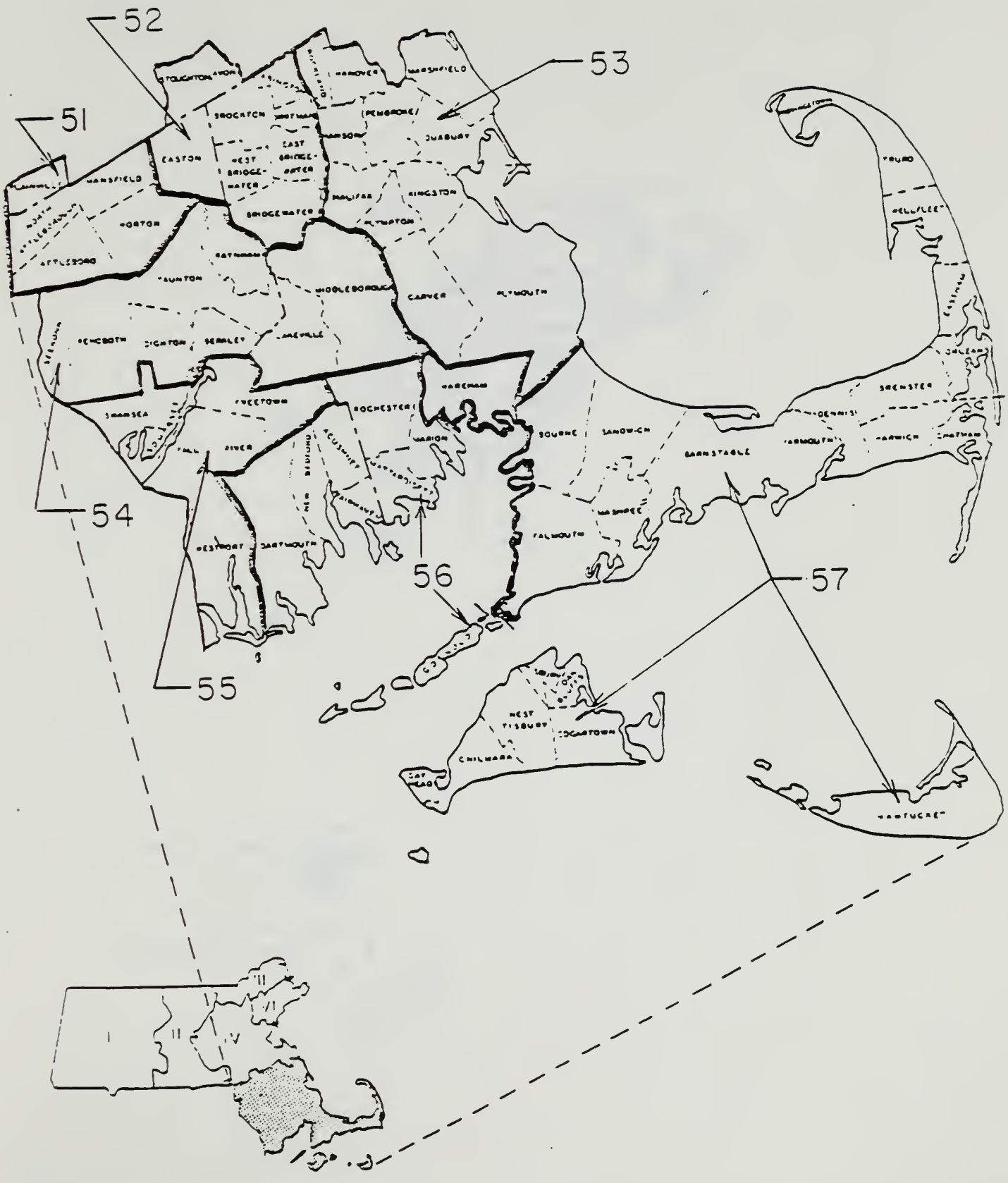
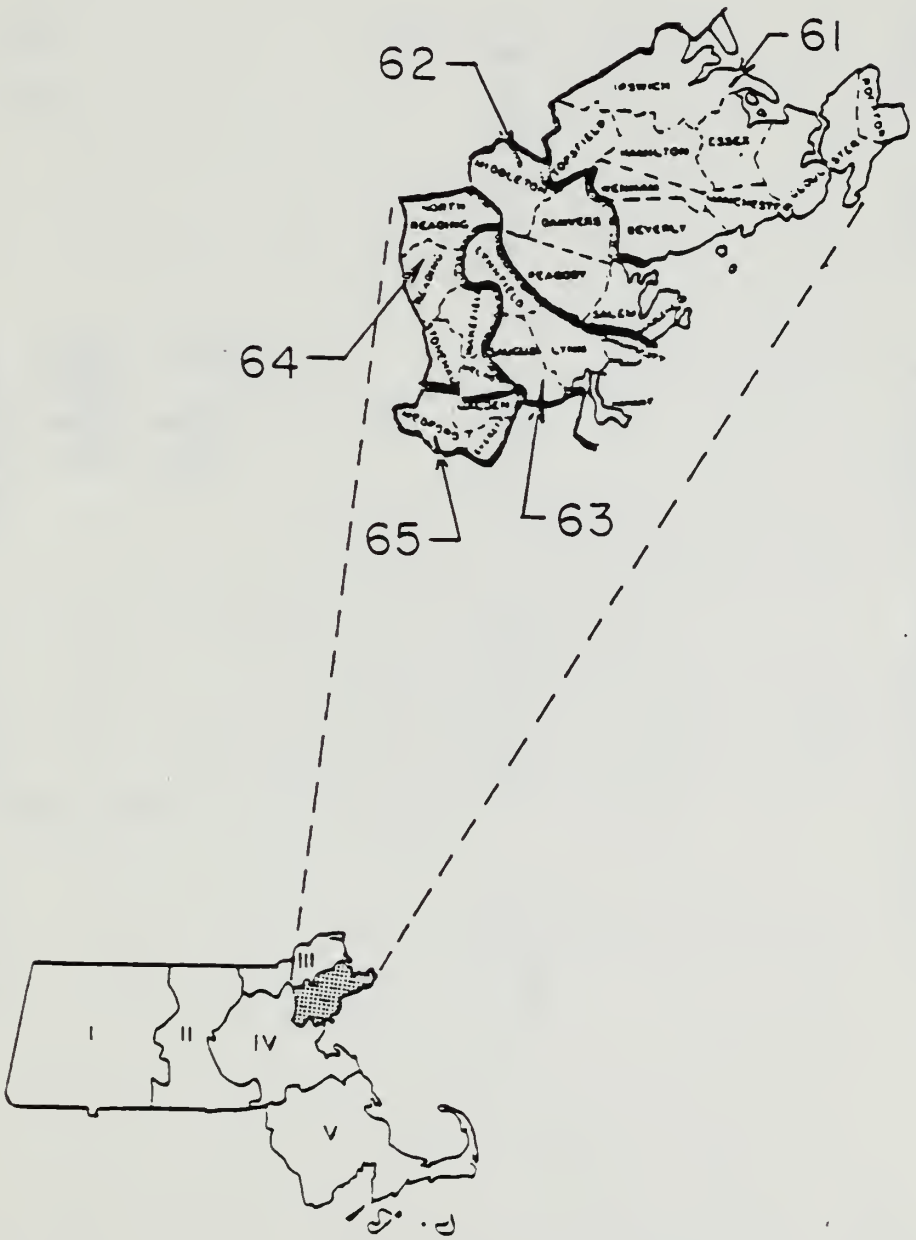


FIGURE 5

HEALTH SERVICE AREA V



HEALTH SERVICE AREA VI



LONG TERM CARE AREA CONVERSION CHART

OLD AREAS	=	NEW AREAS
1-1	=	1-1
1-2	=	1-2
1-3	=	1-3
2-1, 2-2	=	2-1
2-3	=	2-2
2-4, 2-5	=	2-3
3-1	=	3-1
3-2	=	3-2
3-3	=	3-3
4-65, 4-66, 4-67, 4-68, 4-69	=	4-1
4-32, 4-33, 4-35	=	4-2
4-34, 4-51, 4-52	=	4-3
4-53	=	4-4
4-54	=	4-5
5-1	=	5-1
5-2	=	5-2
5-3	=	5-3
5-4	=	5-4
5-5	=	5-5
5-6	=	5-6
5-7, 5-8, 5-9	=	5-7
6-1	=	6-1
6-2	=	6-2
6-3	=	6-3
6-4	=	6-4
6-5	=	6-5

Buelus Walker, Jr., Ph.D., M.P.H.
Commissioner

The Commonwealth of Massachusetts
Executive Office of Human Services
Department of Public Health
Determination of Need Program
150 Tremont Street
Boston 02111

MEMORANDUM

TO: Commissioner Walker and Members of the Public Health Council

FROM: David Cavalier, DoN Program Analyst DC

THROUGH: John O'Donnell, Ed.D., M.P.H., Director, Determination of Need Program JOD

DATE: September 24, 1985 (issued September 17, 1985)

SUBJECT: Update of Process for Reviewing Determination of Need Applications for Nursing Home Beds

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The purpose of this memorandum is to present an update on the review process of DoN applications for nursing home beds.

The reason for the update is to clarify for the Public Health Council the various issues that may be involved in the review process of nursing home applications. By clarifying the issues at this time, Staff can be consistent and efficient in the analysis of the nursing home applications. This memorandum will address the following areas:

1. Need methodology
2. Special population (nursing home facilities only)
3. Medicaid accessibility factors
4. Quality of Care
5. Reasonableness of cost and size of project.
6. Equity Contribution
7. Impact of out-of-state Medicaid patients on nursing homes in Massachusetts.
8. Other factors (i.e., per diem rate, multi-bed facility, etc.)

I. Identification of Need for Nursing Home Beds in Massachusetts

A. Background

On August 23, 1983, the Public Health adopted the Office of Health Policy long-term care bed need methodology and guidelines. The methodology is as follows:

	Age 75+	Age 65-74
Level I/II	58.3 beds/1,000	8.8 beds/1,000
Level III	55.3 beds/1,000	15.5 beds/1,000

An area modifier was included to adjust the target ratios up or down depending on the age mix of the area. For example, if an area had a population that was relatively elderly (i.e., a high proportion of persons aged seventy-five years as opposed to persons aged sixty-five years) then the modifier would automatically increase the amount of beds in the target area. The formula also took into account the non-geriatric patients (i.e., the mentally ill, Home Health Care program, etc.) and made adjustments according to each target area.

The bed need projections utilizing the above formulas are incorporated into a document referred to as the Report 36 (see Attachment 1). The Report 36 is updated by the DoN office at least three times per year, which coincides with the three (3) filing cycles for DoN applications. The Report 36 indicates the need and current supply of nursing home beds in Massachusetts. The report is comprised of four (4) components. They are:

1) Nursing home beds in Massachusetts based on projections (according to Department of Public Health, Division of Health Statistics)

2) The licensed supply of nursing home beds (according to the Department of Public Health, Division of Health Care Quality)

3) Beds approved by the Public Health Council/Commissioner of Public Health but not yet licensed (BANYL)

4) Net need or surplus (equals [1] minus [2] minus [3])

B. Present Methodology

Staff's review is based upon the Department's Division of Health Statistics' 1990 population projection, which has been adopted by the Public Health Council. The data utilized for the 1990 projections was the 1980 census. The projections have been incorporated in the Report 36.

The Report 36 is the first guideline utilized in the review process of nursing home beds by the DoN staff in determining need for the proposed project. If need exists, then staff proceeds on to the next step in the review process (i.e., costs, size, quality of care, etc.)

C. Need Aggregation Across Long - Term Care Service Area Lines

In a number of Long-Term Care Service Areas (LTCSAs), small amounts of nursing home bed need exists. Projects might be proposed which aggregate the need among areas, when the need is insufficient to build a viable unit in either area. Therefore, aggregation of need across long term care planning areas will be permitted subject to the following criteria.

a. Bed need from two LTCSAs can be aggregated across areas only where the need is less than 40 beds.
b. Aggregation shall be by level of care.
c. Aggregation shall take place within HSA boundaries only.
d. Only areas contiguous to the planned unit area can be aggregated.
e. Access to public transportation from all aggregated areas shall be documented.
f. Need cannot be aggregated into overbedded areas.

II. Special Population

A. Background

In the past, when Report 36 showed no need for additional nursing home beds in an area, the Department has found need for beds targeted to groups with language, cultural and dietary issues inadequately addressed by the general nursing home care system. These groups were thought to constitute "special populations." This Department practice has resulted in double counting certain groups within the total population projections of the Commonwealth. The double counting of these "special groups" may lead to unnecessary approval of beds in a certain Health Systems Agency subarea. Therefore, Staff would like to clarify the factors used by the Department to determine that a group constitutes a special population.

1. Language

The applicant shall provide written documentation that personnel at the facility speak the language of the residents. The personnel that must speak the language shall include, but not be limited to, the following:

Nurses
Nurses' Aides
Physicians
Social Workers
Office Personnel
Dietary Director
Administrator

2. Dietary

The Council has stated that dietary requirements of certain religions should be considered in designating a group as a special population. Some religious groups may have dietary laws which its members must practice. Currently, the Jewish faith has been the only religious denomination considered that has dietary laws.

3. Availability of Services at Other Nursing Home Facilities

Once the language and dietary factors have been reviewed, the final factor in determining whether or not a special population exemption should be recommended is whether or not the so-called "special population" needs can be adequately addressed by other area/regional nursing homes.

In the majority of the cases, "special population" needs are sufficiently met in the nursing home care system. In these cases, Staff would not recommend that the Department grant special population status.

Summation

In order for an applicant to receive special exemption status from the bed need projections via the special population category, the applicants must provide evidence that their proposed populations meet or exceed the above three factors.

B. Non-Special Population Groups

Applications filed for nursing homes which intend to provide care for special/unique medical programs (i.e. Alzheimer's Disease, Psychiatric Care, Head Injuries, etc.), life care communities, fraternal organizations, and religious affiliation (i.e. Catholic, Protestant, Non-Orthodox Jews, etc.) are not exempted under the Special Population Provision of the Nursing Home Guidelines for the following reasons:

1). The population to be served by the applicants are included in the Total Population Projections of the Commonwealth.

2). Special services offered for special disease categories are presently available in most nursing homes and are licensed as Level I/II beds (skilled nursing facilities).

3). Non-special population groups do not meet or exceed the present standards and criteria of the Special Population Section of the Nursing Home Care Guidelines.

4). Historically, non-special population groups have not been exempt from the bed need projections.

Finally, Staff suggest that the Department be conservative in the use of the special population factor as a reason for deviating from the bed need shown in Report 36. The primary reason for this recommendation is the fact that many elderly people prefer not to be in a special ethnic or religious home. In fact, the vast majority of nursing homes in Massachusetts are comprised of residents from many different backgrounds and religions.

III. Medicaid Accessibility and Administratively Necessary Days

In the past, some nursing home applicants have claimed that although the Report 36 indicated no "need" for more beds in the area, need for the beds existed because some nursing homes were not accepting Medicaid patients. To determine whether or not this statement is accurate, Staff can utilize information available from the Rate Setting Commission and the Department of Public Welfare, Medicaid Division.

The Rate Setting Commission has a report entitled the "Public Utilization Report." This report lists all nursing homes in the state and their percentage of Medicaid patients days provided. This is one avenue of checking whether or not the nursing homes in the particular HSA sub area are accepting Medicaid patients.

The other resource available to Staff is through the Medicaid-Case Management Division of the Department of Public Welfare. The Case Management Division has information on the administrative necessary days (ANDs) situation throughout the state and what kind of care (i.e., Level I/II or III) the patient is waiting for placement into. Staff's review therefore considers the impact of the project on Medicaid accessibility.

Concerning the AND's situation, Staff may have to deviate from the Report 36, if other programs (i.e., Home Health Care or Adult Day Care Programs) are not available.

Staff also considers the implication of ANDs in its evaluation of the area's bed need. A large number of ANDs does not necessarily mean, however, that construction of more nursing home beds is appropriate. In past discussions, DPW has pointed out other potential causes of ANDS and has also noted alternatives (e.g. adult day health, home health) for caring for many elderly.

In order to ensure access for Massachusetts Medicaid patients, the Department routinely attaches a condition that states that a minimum percentage of the beds approved be for Massachusetts Medicaid patients. This condition varies with each DoN.

IV. Quality of Care

Staff communicates with the Division of Health Care Quality about the suitability of the owner, the owner's compliance with regulations (at this or other facilities) and the quality of care at the owner's facility (ies).

V. Reasonableness of Size and Cost of a Nursing Home Facility

A. Size

In conjunction with the Division of Health Care Quality, Staff utilizes the "General Standards of Construction of Long Term Care Facilities" (105 CMR 151.000). In determining the reasonableness of size, if an applicant is proposing a facility above the accepted guidelines, Staff usually recommends a reduction in size (only if it is not a comparable application), since construction of nursing homes is relatively standard.

B. Costs

In determining the reasonableness of costs per square foot, Staff utilizes the Marshall Valuation Service (MVS). The MVS reports indicate maximum allowable costs per square foot for Class A type of construction of a nursing home. Should the proposed costs per square foot be above the recommended costs via MVS and other previously approved projects within the same service area, Staff would probably recommend a reduction in the proposed capital expenditure (only if it is not a comparable application), since nursing home construction is relatively standard.

VI. Equity Contribution

The present policy of the Department is to require a minimum 10% equity contribution of the inflation-adjusted capital expenditure on all nursing home projects. This policy is similar to other New England States (Connecticut, 20% in Rhode Island) and the federal government, which requires 10% equity in order to obtain a Department of Housing and Urban Development (HUD) insured loan.

By requiring an equity contribution, the Department is receiving a commitment by the applicants of their intention to invest their own capital into the proposal.

VII. Impact of Out-of-State Medicaid Patients on Long-Term Care in Massachusetts

According to the Medicaid Division of New York State, there are approximately 415 New York State patients placed in Massachusetts nursing homes.

Since the nursing home care need projections are based upon Massachusetts residents, Staff has recommended conditions which state that the beds approved shall be reserved for Massachusetts residents only. All capital costs associated with the placement of out-of-state patients will not be recognized by the Rate Setting Commission. This condition is attached to ensure that Massachusetts Medicaid residents have access to the beds approved by the Public Health Council.

VIII. Other Factors

A. Per Diem Rate

The review of the per diem rate by the DoN Staff is general in nature and not binding because the Rate Setting Commission has a mechanism that employs peer comparison of nursing homes in determining the appropriate per diem rate. The review by the Rate Setting Commission helps ensure the reasonableness of the per diem rate at the time the beds become operational, which is usually two to three years after the approval of the DoN application.

In order to avoid confusion on the proposed per diem rate, as listed in the DoN application, Staff generally attaches a condition which states the proposed per diem rate is subject to future review and approval by the Rate Setting Commission.

B. Multi-Level Facility

The purpose of the multi-level facility is to ensure continuity of care for the patients. By having all levels of care (Levels I/II and III) available at one location, transfer of patients from one facility to another becomes much less necessary.

Currently, Staff recommends that a nursing home facility consist of multi-level units only if need exists for all levels of care in that particular Subarea. Should a particular level of care (i.e., Level III) not be needed but another level of care is needed (i.e., Level I/II), then Staff may recommend that the multi-level factor be waived. With the proposed change in the OSHP bed need formula for levels of care, particularly Level III, Staff finds that this policy is practical.

IX. Summary and Recommendations

In summary, Staff has attempted to clarify some of the issues that may be addressed in the review process of nursing home projects. By presenting the issues at this time, Staff can clarify the concerns of the Public Health Council, and therefore, Staff can be consistent and more efficient in the analysis of nursing home applications.

JD/DC/gh